

J. SCHWELL

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3. ECUADOR: FORMER PRESIDENT ABSCHEINER, ALTHOUGH NOT CONSIDERED A THREAT TO THE MILITARY JUNTA WHICH DEPOSED HIM ON 11 JULY, IS CONTINUING TO PLOT A COUNTERCOUP. MEANTIME, HE HAS OBTAINED SUPPORT OF A NUMBER OF JUNIOR OFFICERS AND COMMANDERS IN THE COASTAL PROVINCES. ABSCHEINER'S TIMETABLE CALLS FOR BOMBING ON 18 DEC, TROP DISTURBANCES ON 24 DEC, AND "DISRUPTIVE ACTION" AT THE YEAR'S END.

4. VENEZUELA: THE COMMUNIST-DIRECTED ARMED FORCES OF NATIONAL LIBERATION (FALN) REPORTEDLY PLANS TO KIDNAP ANOTHER HIGH-RANKING US OFFICIAL BEFORE 24 DEC "TO MAINTAIN THE GOVERNMENT AND THE PUBLIC IN A STATE OF TENSION." FALN TERRORISTS HAVE RESUMED THEIR CAMPAIGN AGAINST US-OWNED PROPERTY IN CARACAS. AN ATTACK ON THE OFFICE OF THE READERS DIGEST ON 13 DEC WAS THE FIRST SUCH INCIDENT SINCE THE 1 DEC ELECTIONS. (CONT)

5. CENTRAL AMERICA - GUATEMALA: MINISTERS OF DEFENSE OF PANAMA AND ALL OF THE CENTRAL AMERICAN COUNTRIES EXCEPT COSTA RICA--WHICH TRADITIONALLY HAS BEEN SKEPTICAL OF FORMAL MILITARY ORGANIZATIONS AND AGREEMENTS--WERE SCHEDULED TO MEET IN GUATEMALA CITY ON 13 DEC TO CONSIDER THE ESTABLISHMENT OF A COUNCIL OF CENTRAL AMERICA'S DE-

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1. VENEZUELA THE CHIEF PURPOSE OF THE PROPOSED ORGANIZATION WOULD BE TO ADOPT JOINT MEASURES TO COMBAT COMMUNISM WITHIN THE AREA. THE PARACITA REGIME OF GUATEMALA, THE PRINCIPAL BACKER OF THE MEETING, HAS FOR A LONG TIME PROMOTED THE FORMAL ESTABLISHMENT OF A DEFENSE COUNCIL. (CONT)

2. BOLIVIA REFER ~~RE~~ DISCUSSIONS STEMMING FROM THE EVENTS SURROUNDING THE CAPTURE AND RELEASE OF HOSTAGES BY DISSIDENT TIN MINERS WILL BE FELT FOR A LONG TIME. THE SPLIT BETWEEN PRESIDENT PAZ AND VICE PRESIDENT LECHIN SEEKS UNBRIDGEABLE AND AN EARLY SHOWDOWN BETWEEN THEM IS ~~POSSIBLE~~ ~~NOT~~ LIKELY TO OCCUR NEXT MONTH WHEN THEIR PA CONVENES TO SELECT CANDIDATES FOR NEXT YEAR'S PRESIDENTIAL ELECTION. ALTHOUGH LECHIN BOWED TO GOVERNMENT PRESSURE IN ORDERING THE HOSTAGES RELEASED ^{HE} IS STILL STANDING ON A MILITANT PLATFORM ~~HE~~ MAY ALSO HAVE THOUGHTS OF PROMOTING ARMED INSURRECTION; HE IS KNOWN TO HAVE TOYED WITH THE IDEA IN THE PAST.

3. MEXICO /MEXICO WILL OPPOSE CENSURE OF CUBA BY ORGANIZATION OF AMERICAN STATES (OAS) FOR INTERVENTION IN VENEZUELAN AFFAIRS

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/ FOREIGN MINISTER TELLO STATED THAT THE MEXICAN POSITION IS "SET." TELLO BELIEVES THAT THE VENEZUELAN CHARGE OF CASTRO ARMS SHIPMENT IS MERELY A "PLANT," AND THAT THERE IS NO EVIDENCE OF FOREIGN INTERVENTION IN VENEZUELAN AFFAIRS.//

// TELLO'S POSITION, GENERALLY SHARED BY BRAZIL, WILL PROBABLY ENCOURAGE SOME LESSER OAS MEMBERS TO ENDOWVOCATE ON THE CENSURE.//

IN AN IHC PRESS INTERVIEW, TELLO ASSERTED THAT THE OAS ITSELF IS IN A CRISIS, PARTIALLY AS THE RESULT OF CUBA'S EXCLUSION FROM THE ORGANIZATION.

8. BRAZIL: THERE IS GROWING POSSIBILITY THE CABINET WILL BE RESHUFFLED BEFORE LONG. PRESIDENT GOULART KEEPING HIS OWN COUNCIL ON CHANGES HE MAY BE CONTEMPLATING. POSITION OF FINANCE MINISTER CARVALHO PINTO IS PERHAPS SHAKIEST BECAUSE OF THE WIDESPREAD DISSATISFACTION WITH RAMPANT INFLATION AND GROWING UNEMPLOYMENT. TWO OTHER CABINET JOBS ARE PRESENTLY VACANT, BUT THERE ARE NO FIRM INDICATIONS WHO WILL BE APPOINTED TO THEM. GOULART IS LIKELY TO CONTINUE HIS PRACTICE OF ATTEMPTING TO BALANCE OFF THE RIGHT AND LEFT, BUT WITH A LEFTIST BIAS. (SECRET)

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PRESIDENT GOULART ISSUED A DECREE ON 10 DEC THAT MAY PRESAGE THE NATIONALIZATION OF US AND ONE OTHER FOREIGN-OWNED MINING CONCESSION IN BRAZIL. THE DECREE DIRECTS THE MINISTER OF MINES TO REVIEW ALL MINING OPERATIONS WITHIN 90 DAYS AND TO HALT WITHIN 30 DAYS ANY OPERATIONS WHICH FAIL TO MEET CERTAIN CONDITIONS. THE MINISTER IS GIVEN SUCH BROAD DISCRETION THAT HE MAY, FOR EXAMPLE, CLOSE DOWN MINING ACTIVITIES "CONSIDERED PREJUDICIAL TO THE PUBLIC INTEREST." FOREIGN MINING COMPANIES HAVE BEEN UNDER INTENSE ATTACK BY THE EXTREME LEFT DURING RECENT MONTHS, PARTICULARLY IN THE STATE OF MINAS GERAIS WHERE THE GOVERNOR HAS TAKEN STEPS TO CANCEL CONCESSIONS OF THUS-OWNED HANNA MINING COMPANY. (CONT)

9. CHILE: THE SLIM HOPES OF COMMUNIST-BACKED PRESIDENTIAL ASPIRANT SALVADOR ALLENDE MAY BE IMPROVED BY THE FAILURE OF JULIO DURAN--THE NOMINEE OF THE RADICAL, LIBERAL, AND CONSERVATIVE PARTIES--TO CAPTURE THE PUBLIC'S IMAGINATION.

IF THE DURAN CANDIDACY SHOULD COLLAPSE, THE CONTEST WOULD BE BETWEEN ALLENDE AND CHRISTIAN DEMOCRAT EDUARDO PRAT, WITH INDEPENDENT RIGHTIST JORGE PRAT PRESENTLY PROVIDING AN ELEMENT OF

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UNCERTAINTY. ESTIMATES OF THE PORTION OF DURAN'S RADICAL PARTY FOLLOWING WHICH WOULD GO TO ALLENDE RANGE UPWARD FROM EIGHT PERCENT OF THE TOTAL VOTE. FREE DEMOCRATIC HOPES DURAN STAYS IN THE RACE BECAUSE HE BELIEVES HIS OWN CHANCES OF BEATING ALLENDE ARE BEST IN A THREE-WAY CONTEST.

PRAT IS GENERALLY EXPECTED TO WITHDRAW SOON, WITH MOST OF HIS SUPPORT GOING TO FREEI. ON THE OTHER HAND, SHOULD DURAN DROP OUT FIRST, HIS LIBERAL AND CONSERVATIVE VOTES MIGHT GO TO PRAT AND THUS KEEP THE INDEPENDENT IN THE RACE, TO THE ADVANTAGE OF ALLENDE.

19. PKRU: THE GOVERNMENT COALITION HEADED BY PRESIDENT FERNANDO BELAUNDE TERRY APPEARS TO HAVE SCORED A MAJOR VICTORY IN THE COUNTRY'S 15 DEC MUNICIPAL ELECTIONS, THE FIRST OF THEIR KIND HELD IN PERU IN 40 YEARS.

EX-MINISTER OF JUSTICE AND GOVERNMENT CANDIDATE LUIS BEDOYA WAS AN UPSET VICTOR IN THE IMPORTANT RACE FOR MAYOR OF LIMA. BEDOYA'S DEFEAT OF THE WIFE OF EX-PRESIDENT MANUEL ODRÍA SURPRISED EVEN HIS OWN BACKERS. ELSEWHERE, THE GOVERNMENT COALITION CANDIDATES WERE STRONGER THAN DID THE BELAUNDE TICKET IN LAST JUNE'S PRESIDENTIAL ELECTIONS. THIS SIGNIFICANT PROGRESSIVE TREND IS A

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STRONG ENDORSEMENT OF THE POLICIES OF THE BELAUNDE ADMINISTRATION
THE HEAVIEST DEFECTIONS AMONG THE OPPOSITION OCCURRED IN THE
FORTRESS OF EX-GENERAL ODRIZ'S UNO PARTY. THIS IS ATTRIBUTED TO
A LACK OF POLITICAL COHESION ON THE PART OF THE UNO, AS WELL AS
TO OPPOSITION AMONG THE PARTY'S MORE CONSERVATIVE ELEMENTS TO AN
ALIANCE WITH THE LEFTIST BUT ANTI-COMMUNIST AMERICAN POPULAR
REVOLUTIONARY ALLIANCE (APRA)

APRA'S VOTES ARE ALSO ESTIMATED TO HAVE BEEN OVER 200
THOUSAND FEWER THAN THE PARTY RECEIVED IN JUNE. THE EMBASSY FEELS
THAT IF THE FINAL RETURNS BEAR OUT THIS TREND, IT WILL INDICATE
THAT MANY YOUNG APRA ADHERENTS NOW VIEW BELAUNDE AS THE BEST VE-
HICLE FOR PROGRESS RATHER THAN LONG-TIME APRA LEADER VICTOR RAUL
DE LA TORRE. (CONF)

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